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1. LONDON PREPARING UNILATERAL RELAXATION OF CHINA TRADE CONTROLS

25X1A	
	If Britain and the United States cannot agree by early 1956 on bringing controls on strategic trade with Communist China into line with those on trade
with the rest o	f the Sino-Soviet bloc, London will inform
the China Com	mittee (CHINCOM) that it believes the pres-
ent level of con	ntrol is no longer justified. The British in-
tend beginning	15 January to start a 'gradual and unobtru-
sive process"	of bringing their control lists for China into
conformity wit	h the COCOM lists.

In a letter to the Department of State setting forth this position, the Foreign Office said the British government's position in defending the present scope of the China embargo was becoming 'untenable.' It added that the entire system of trade controls is being undermined by the maintenance of controls which 'can no longer be logically defended on strategic grounds."

Comment
Since members of CHINCOM would for
the most part not enforce more stringent
controls than those enforced by any one of them, the contemplated British action would terminate the special embargo
which was applied to China after it entered the Korean war.
(Concurred in by ORR)

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25X1A	OUTER MONGOLIA
1A	The establishment of diplomatic relations between India and Outer Mongolia will be announced soon, according to a official of the Indian Ministry of Extern
	Affairs. He said that the new Indian ambassador to Peipir will also be accredited to Ulan Bator. The Indian official added that Outer Mongolia was recognized as a sovereign state in 1946 in a treaty between the Soviet Union and Chia Kai-shek.

Comment No non-Orbit country has diplomatic relations with Outer Mongolia. Indian recognition might establish a precedent for Southeast Asian neutral countries.

India's decision to establish diplomatic relations with Outer Mongolia was apparently taken by early September. Outer Mongolia was not invited to the Afro-Asian conference last April because the Colombo powers--India, Pakistan, Burma, Indonesia and Ceylon--did not consider it independent.

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	THE ARAB-ISRAELI SITUATION (Information as of 1700, 5 December) 25X1A	
	25X1A No significant military activity has been reported.	
	Israeli prime minister Ben-Gurion conferred with UN truce chief Burns on 5 December. Burns said earlier he expected to receive in this interview the Israeli position respecting the UN proposals for the El Auja demilitarized zone, after which he would go to Cairo to ascertain the Egyptian position. There has been no indication that either party has modified its stand enough to bring agreement.	25X1A
25X1	Α	
	There has as yet been no public announce- ment of the Egyptian-Israeli cease-fire which Colonel Banks, British member of Parliament, claims to have arranged.	-
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